

## 2150 Department of Financial Institutions

The mission of the California Department of Financial Institutions is to promote the integrity and stability of California's financial services system through the regulation and supervision of financial institutions that are either required to be licensed by the state or that choose a state license.

### 3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
10 Licensing and Supervision of Banks and Trust Companies	114.6	105.8	115.3	\$16,668	\$18,308	\$20,199
20 Special Licensees	8.1	11.7	12.6	1,224	1,735	1,906
40 Administration of Local Agency Security	4.0	3.8	3.8	361	396	395
50 Supervision of California Business and Industrial Development Corporations	0.1	0.1	0.1	16	32	32
60 Credit Unions	31.0	35.3	36.3	3,659	4,349	4,715
70 Savings and Loan	-	0.2	0.2	60	98	101
80 Industrial Banks	3.0	8.4	8.4	771	1,089	1,106
90.01 Administration	45.1	45.1	47.4	4,864	5,208	5,784
90.02 Distributed Administration	-	-	-	-4,864	-5,208	-5,784
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>205.9</b>	<b>210.4</b>	<b>224.1</b>	<b>\$22,759</b>	<b>\$26,007</b>	<b>\$28,454</b>
<b>FUNDING</b>				<b>2005-06*</b>	<b>2006-07*</b>	<b>2007-08*</b>
0240 Local Agency Deposit Security Fund				\$361	\$396	\$395
0298 Financial Institutions Fund				18,241	20,662	22,744
0299 Credit Union Fund				3,659	4,349	4,715
0995 Reimbursements				498	600	600
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$22,759</b>	<b>\$26,007</b>	<b>\$28,454</b>

### LEGAL CITATIONS AND AUTHORITY

#### DEPARTMENT AUTHORITY

California Financial Code, Division 1, Chapter 2.

#### PROGRAM AUTHORITY

10-Licensing and Supervision of Banks and Trust Companies:

California Financial Code, Division 1, Chapters 3, 4, 10, 12, 13.5, 15, 16, 17, 19, and 21 (Banking Law).

20-Money Transmitters:

California Financial Code, Division 1, Chapter 14, 14A, Division 16, Chapters 1-11.

40-Administration of Local Agency Security:

Government Code Sections 53630-53686.

50-Supervision of California Business and Industrial Development Corporations:

California Financial Code, Division 15.

60-Credit Unions:

California Financial Code, Division 5, Sections 14000 through 16154.

70-Savings and Loan:

California Financial Code, Division 2, Sections 5000 through 11709.

80-Industrial Banks:

California Financial Code, Division 1, Sections 1400 through 1412 and Division 7, Sections 18000 through 18643.

\* Dollars in thousands, except in Salary Range.

## 2150 Department of Financial Institutions - Continued

90-Administration:

California Financial Code, Division 1, Chapter 2, Article 4 (Banking Law).

### DETAILED BUDGET ADJUSTMENTS

	2006-07*			2007-08*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>Baseline Adjustment Descriptions</b>						
• Employee Compensation Adjustment	\$-	\$1,337	-	\$-	\$1,512	-
• Various Baseline Adjustments	-	139	-	-	358	-
<b>Totals, Baseline Adjustments</b>	<b>\$-</b>	<b>\$1,476</b>	<b>-</b>	<b>\$-</b>	<b>\$1,870</b>	<b>-</b>
<b>Policy Adjustment Descriptions</b>						
• E-Banking/Disaster Preparedness Augmentation	\$-	\$-	-	\$-	\$1,197	9.5
• Information Technology Supervision and Management	-	-	1.4	-	377	2.8
• Augmentation for Credit Union Business Loan Reviews	-	-	1.9	-	247	1.9
• Human Resources Administration Augmentation	-	-	-	-	137	0.9
• Augmentation for Special Licensee Reviews	-	-	-	-	95	0.9
<b>Totals, Policy Adjustments</b>	<b>\$-</b>	<b>\$-</b>	<b>3.3</b>	<b>\$-</b>	<b>\$2,053</b>	<b>16.0</b>
<b>TOTALS, BUDGET ADJUSTMENTS</b>	<b>\$-</b>	<b>\$1,476</b>	<b>3.3</b>	<b>\$-</b>	<b>\$3,923</b>	<b>16.0</b>

### PROGRAM DESCRIPTIONS (Program Objectives Statement)

#### 10 LICENSING AND SUPERVISION OF BANKS AND TRUST COMPANIES

The objective of this program is to promote the integrity and stability of state-licensed banks and trust companies through the regulation and supervision of these institutions. Program activities include examinations at least once every two years to ensure that business is conducted in a safe and sound manner, and investigation of new bank and trust company applications.

#### 20 MONEY TRANSMITTERS

The objective of this program is to promote the integrity and stability of businesses selling payment instruments (money orders), traveler's checks, and those licensed to transmit money abroad, through the regulation and supervision of these institutions. Examinations are conducted at any time to ensure the licensees are complying with the provisions of the law and operating in a safe and sound manner. In order to protect the public, a thorough examination of each new applicant is conducted before the license is issued.

#### 40 ADMINISTRATION OF LOCAL AGENCY SECURITY

As the Administrator of the Local Agency Security Program, the Commissioner monitors the amount and quality of collateral pledged to secure deposits of public funds made by approximately 1,500 local agencies. The Commissioner also administers local agency security for banks, savings and loans, credit unions, and industrial banks as well as federally-chartered financial institutions.

#### 50 SUPERVISION OF CALIFORNIA BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS

This program licenses and regulates non-fiduciary businesses and industrial development corporations. The program ensures that business is conducted in a financially sound manner through both periodic examinations and analyses of required reports.

#### 60 CREDIT UNIONS

The primary object of this program is to promote the integrity and stability of credit unions through the regulation and supervision of these institutions, including examinations to ensure they are operating in a safe and sound manner and complying with the appropriate provisions of the Financial Code relating to their operation.

#### 70 SAVINGS AND LOAN

The Savings and Loan Program ensures that savings associations comply with applicable laws and regulations.

\* Dollars in thousands, except in Salary Range.

## 2150 Department of Financial Institutions - Continued

### 80 INDUSTRIAL BANKS

The Industrial Banks Program administers and enforces the provisions of the Financial Code relating to industrial loan companies. This includes processing applications for new companies and conducting examinations to determine compliance with applicable laws and regulations.

### 90 ADMINISTRATION

The Administration Program provides services essential for the administration of the Department and its programs, including executive, administrative, legal, legislative, policy, and information support.

#### **DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)**

		2005-06*	2006-07*	2007-08*
<b>PROGRAM REQUIREMENTS</b>				
<b>10</b>	<b>LICENSING AND SUPERVISION OF BANKS AND TRUST COMPANIES</b>			
<b>State Operations:</b>				
0298	Financial Institutions Fund	\$16,170	\$17,708	\$19,599
0995	Reimbursements	498	600	600
	<b>Totals, State Operations</b>	<b>\$16,668</b>	<b>\$18,308</b>	<b>\$20,199</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>20</b>	<b>SPECIAL LICENSEES</b>			
<b>State Operations:</b>				
0298	Financial Institutions Fund	\$1,224	\$1,735	\$1,906
	<b>Totals, State Operations</b>	<b>\$1,224</b>	<b>\$1,735</b>	<b>\$1,906</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>40</b>	<b>ADMINISTRATION OF LOCAL AGENCY SECURITY</b>			
<b>State Operations:</b>				
0240	Local Agency Security Deposit Fund	\$361	\$396	\$395
	<b>Totals, State Operations</b>	<b>\$361</b>	<b>\$396</b>	<b>\$395</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>50</b>	<b>SUPERVISION OF CALIFORNIA BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS</b>			
<b>State Operations:</b>				
0298	Financial Institutions Fund	\$16	\$32	\$32
	<b>Totals, State Operations</b>	<b>\$16</b>	<b>\$32</b>	<b>\$32</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>60</b>	<b>CREDIT UNIONS</b>			
<b>State Operations:</b>				
0299	Credit Union Fund	\$3,659	\$4,349	\$4,715
	<b>Totals, State Operations</b>	<b>\$3,659</b>	<b>\$4,349</b>	<b>\$4,715</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>70</b>	<b>SAVINGS AND LOAN</b>			
<b>State Operations:</b>				
0298	Financial Institutions Fund	\$60	\$98	\$101
	<b>Totals, State Operations</b>	<b>\$60</b>	<b>\$98</b>	<b>\$101</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>80</b>	<b>INDUSTRIAL BANKS</b>			
<b>State Operations:</b>				
0298	Financial Institutions Fund	\$771	\$1,089	\$1,106
	<b>Totals, State Operations</b>	<b>\$771</b>	<b>\$1,089</b>	<b>\$1,106</b>
<b>TOTALS, EXPENDITURES</b>				
	State Operations	22,759	26,007	28,454

\* Dollars in thousands, except in Salary Range.

## 2150 Department of Financial Institutions - Continued

	2005-06*	2006-07*	2007-08*
<b>Totals, Expenditures</b>	<b>\$22,759</b>	<b>\$26,007</b>	<b>\$28,454</b>

**EXPENDITURES BY CATEGORY (Summary By Object)**

1 State Operations	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	205.9	219.0	219.0	\$13,346	\$14,259	\$14,531
Total Adjustments	-	2.5	17.0	-	1,073	2,315
Estimated Salary Savings	-	-11.1	-11.9	-	-748	-836
<b>Net Totals, Salaries and Wages</b>	<b>205.9</b>	<b>210.4</b>	<b>224.1</b>	<b>\$13,346</b>	<b>\$14,584</b>	<b>\$16,010</b>
Staff Benefits	-	-	-	4,339	5,103	5,557
<b>Totals, Personal Services</b>	<b>205.9</b>	<b>210.4</b>	<b>224.1</b>	<b>\$17,685</b>	<b>\$19,687</b>	<b>\$21,567</b>
OPERATING EXPENSES AND EQUIPMENT				\$5,074	\$6,320	\$6,887
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				<b>\$22,759</b>	<b>\$26,007</b>	<b>\$28,454</b>

**DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)**

1 STATE OPERATIONS	2005-06*	2006-07*	2007-08*
<b>0240 Local Agency Deposit Security Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$365	\$372	\$395
Allocation for employee compensation	-	22	-
Adjustment per Section 3.60	-3	2	-
<b>Totals Available</b>	<b>\$362</b>	<b>\$396</b>	<b>\$395</b>
Unexpended balance, estimated savings	-1	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$361</b>	<b>\$396</b>	<b>\$395</b>
<b>0298 Financial Institutions Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$18,881	\$19,473	\$22,744
Allocation for employee compensation	19	1,077	-
Adjustment per Section 3.60	-93	112	-
<b>Totals Available</b>	<b>\$18,807</b>	<b>\$20,662</b>	<b>\$22,744</b>
Unexpended balance, estimated savings	-566	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$18,241</b>	<b>\$20,662</b>	<b>\$22,744</b>
<b>0299 Credit Union Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$3,827	\$4,086	\$4,715
Allocation for employee compensation	4	238	-
Adjustment per Section 3.60	-22	25	-
<b>Totals Available</b>	<b>\$3,809</b>	<b>\$4,349</b>	<b>\$4,715</b>
Unexpended balance, estimated savings	-150	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$3,659</b>	<b>\$4,349</b>	<b>\$4,715</b>
<b>0995 Reimbursements</b>			
APPROPRIATIONS			
Reimbursements	\$498	\$600	\$600
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations)</b>	<b>\$22,759</b>	<b>\$26,007</b>	<b>\$28,454</b>

\* Dollars in thousands, except in Salary Range.

## 2150 Department of Financial Institutions - Continued

## FUND CONDITION STATEMENTS

	2005-06*	2006-07*	2007-08*
<b>0240 Local Agency Deposit Security Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$233	\$232	\$188
Prior year adjustments	<u>28</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$261	\$232	\$188
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	292	322	326
125700 Other Regulatory Licenses and Permits	1	-	-
150300 Income From Surplus Money Investments	16	10	10
164300 Penalty Assessments	<u>23</u>	<u>20</u>	<u>20</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$332</u>	<u>\$352</u>	<u>\$356</u>
Total Resources	\$593	\$584	\$544
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
2150 Department of Financial Institutions (State Operations)	<u>361</u>	<u>396</u>	<u>395</u>
Total Expenditures and Expenditure Adjustments	<u>\$361</u>	<u>\$396</u>	<u>\$395</u>
FUND BALANCE	\$232	\$188	\$149
Reserve for economic uncertainties	232	188	149
<b>0298 Financial Institutions Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$5,907	\$6,857	\$6,091
Prior year adjustments	<u>242</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$6,149	\$6,857	\$6,091
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	16,433	17,358	18,009
125700 Other Regulatory Licenses and Permits	707	717	728
150300 Income From Surplus Money Investments	472	472	472
161400 Miscellaneous Revenue	<u>1,347</u>	<u>1,367</u>	<u>1,387</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$18,959</u>	<u>\$19,914</u>	<u>\$20,596</u>
Total Resources	\$25,108	\$26,771	\$26,687
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	10	18	19
2150 Department of Financial Institutions (State Operations)	<u>18,241</u>	<u>20,662</u>	<u>22,744</u>
Total Expenditures and Expenditure Adjustments	<u>\$18,251</u>	<u>\$20,680</u>	<u>\$22,763</u>
FUND BALANCE	\$6,857	\$6,091	\$3,924
Reserve for economic uncertainties	6,857	6,091	3,924
<b>0299 Credit Union Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$1,846	\$4,314	\$3,780
Prior year adjustments	<u>1,812</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$3,658	\$4,314	\$3,780
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	4,046	3,548	3,584
125700 Other Regulatory Licenses and Permits	2	2	2
142500 Miscellaneous Services to the Public	1	1	1
150300 Income From Surplus Money Investments	268	268	268

\* Dollars in thousands, except in Salary Range.

## 2150 Department of Financial Institutions - Continued

	2005-06*	2006-07*	2007-08*
Total Revenues, Transfers, and Other Adjustments	\$4,317	\$3,819	\$3,855
Total Resources	\$7,975	\$8,133	\$7,635
<b>EXPENDITURES AND EXPENDITURE ADJUSTMENTS</b>			
Expenditures:			
0840 State Controller (State Operations)	2	4	4
2150 Department of Financial Institutions (State Operations)	3,659	4,349	4,715
Total Expenditures and Expenditure Adjustments	\$3,661	\$4,353	\$4,719
FUND BALANCE	\$4,314	\$3,780	\$2,916
Reserve for economic uncertainties	4,314	3,780	2,916

### CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
Totals, Authorized Positions	205.9	219.0	219.0	\$13,346	\$14,259	\$14,531
Salary Adjustments	-	-	-	-	1,073	1,173
<b>Proposed New Positions:</b>	<b>\$Salary Range</b>					
Program 10:						
Financial Institutions Manager	-	-	1.0	\$6,589-7,265	-	85
Sr Financial Institutions Examiner	-	-	8.0	\$5,378-6,537	-	558
Office Technician	-	-	1.0	\$2,598-3,157	-	34
Program 20:						
Financial Institutions Examiner	-	-	1.0	\$3,004-5,412	-	48
Program 60						
Sr. Financial Institutions Examiner	-	1.0	2.0	\$5,378-6,537	-	140
Program 90						
C.E.A.	-	0.5	1.0	\$5,768-11,669	-	80
Sr Information Systems Analyst	-	0.5	1.0	\$5,388-6,643	-	70
Data Processing Manager II	-	0.5	1.0	\$5,388-6,643	-	70
Associate Personnel Analyst	-	-	1.0	\$4,255-5,172	-	57
<b>Totals, Proposed New Positions</b>	-	<b>2.5</b>	<b>17.0</b>	<b>\$-</b>	<b>\$-</b>	<b>\$1,142</b>
<b>Total Adjustments</b>	-	<b>2.5</b>	<b>17.0</b>	<b>\$-</b>	<b>\$1,073</b>	<b>\$2,315</b>
<b>TOTALS, SALARIES AND WAGES</b>	<b>205.9</b>	<b>221.5</b>	<b>236.0</b>	<b>\$13,346</b>	<b>\$15,332</b>	<b>\$16,846</b>

\* Dollars in thousands, except in Salary Range.